

WILTON COMMUNITY SCHOOL DISTRICT

INDEPENDENT AUDITOR'S REPORTS,
BASIC FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION
AND SCHEDULE OF FINDINGS
AND QUESTIONED COSTS

JUNE 30, 2010

WILTON COMMUNITY SCHOOL DISTRICT

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WILTON COMMUNITY SCHOOL DISTRICT
 Officials
 June 30, 2010

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
(Before September 2009 Election)		
Linda Duncan	Board President	2011
Gary Mauer	Board Member	2011
Anthony Hurd	Board Member	2011
Jeff Belknap	Board Member	2013
Christopher Watkins	Board Member	2013
(After September 2009 Election)		
Linda Duncan	Board President	2011
Gary Mauer	Board Member	2011
Anthony Hurd	Board Member	2011
Jeff Belknap	Board Member	2013
Christopher Watkins	Board Member	2013
School Officials		
Joe Burnett	Superintendent	2010
Joy Gehrls	District Secretary	Indefinite
Staci Owens-Kirkman	District Treasurer/Business Manager	Indefinite

KAY L. CHAPMAN, CPA PC

119 West Mississippi Drive, Suite 3
Muscatine, Iowa 52761
563-264-1385

Independent Auditor's Report

To the Board of Education
Wilton Community School District

I have audited the accompanying financial statements of the governmental activities, business type activities, each major fund and the aggregate remaining fund information of Wilton Community School District, Wilton, Iowa, as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of Wilton Community School District as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued my report dated February 14, 2011 on my consideration of Wilton Community School District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.

Management's Discussion and Analysis, Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 4 through 13 and 47 through 49 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Wilton Community School District's basic financial statements. Other supplementary information included in Schedules 1 through 7 and Schedule 9 the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in my audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. I previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the six years ended June 30, 2009 (which are not presented herein) and expressed unqualified opinions on those financial statements. In my opinion, the information set forth in the supplementary information for each of the seven years in the period ended June 30, 2010, appearing in Schedule 8, is fairly stated, in all material respects in relation to the basic financial statements from which it has been derived.

A handwritten signature in black ink that reads "Kay L. Chapman, CPA PC". The signature is written in a cursive, flowing style.

Kay L. Chapman, CPA PC
February 14, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

Wilton Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2010. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2010 FINANCIAL HIGHLIGHTS

- General Fund revenues decreased from \$8,170,764 in fiscal 2009 to \$7,843,549 in fiscal 2010, and General Fund expenditures increased from \$7,971,629 in fiscal 2009 to \$8,002,367 in fiscal 2010. The District's General Fund balance decreased from \$1,590,137 in fiscal 2009 to \$1,432,179 in fiscal 2010, a 10% decrease.
- The decrease in General Fund revenues was attributable to a 10% across the board State budget cut. The increase in expenditures was due primarily to an increase in the negotiated salary and benefits which also carries over to the classified and administrative staff.
- USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Wilton Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Wilton Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Wilton Community School District acts solely as an agent or custodian for the benefit of those outside of the District.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Other Supplementary Information provides detailed information about the nonmajor Governmental and Enterprise funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the District.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

Figure A-1
Wilton Community School District Annual Financial Report

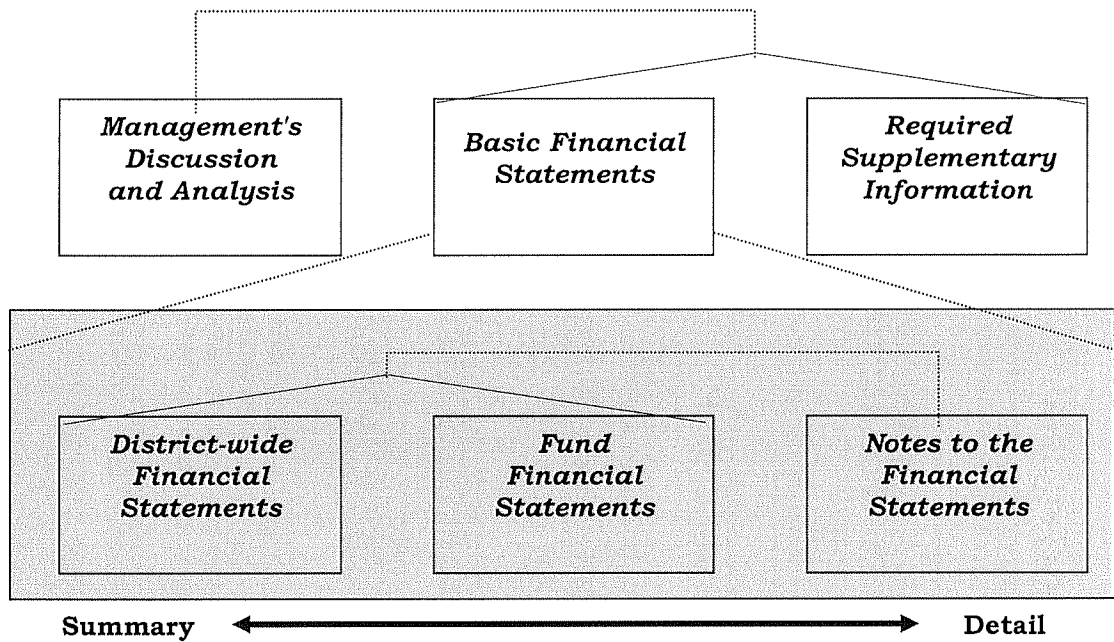


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2

Major Features of the Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services, FFA farm, pool and latchkey programs	Instances in which the District administers resources on behalf of someone else, such as scholarship programs
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenses and changes in fund net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net assets and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program, FFA farm operations, swimming pool operations and latchkey programs are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as federal grants.

The District has three kinds of funds:

- 1) *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Fund.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's enterprise funds, one type of proprietary fund, are the same as its business type activities, but provide more detail and additional information, such as cash flows. The District currently has four enterprise funds, the School Nutrition Fund, FFA Farm Fund, Swimming Pool Fund and Latchkey Fund. Internal service funds, the other type of proprietary fund, are optional and available to report activities that provide supplies and services for

other District programs and activities. The District currently has two internal service funds, the Self-Insurance Fund and the Employee Flex Benefits Fund.

The required financial statements for proprietary funds include a statement of net assets, a statement of revenues, expenses and changes in fund net assets and a statement of cash flows.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

3) *Fiduciary funds*: The District is the trustee, or fiduciary, for assets that belong to others. These funds include a Private-purpose Trust Fund and an Agency Fund.

- Private-purpose Trust Fund - The District accounts for outside donations for scholarships for individual students in this fund.
- Agency Funds - These are funds through which the District administers and accounts for certain revenue collected for the community mentoring program and various trip funds.

The District is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for fiduciary funds includes a statement of fiduciary net assets and a statement of changes in fiduciary net assets.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net assets at June 30, 2010 compared to June 30, 2009.

Figure A-3

	Condensed Statement of Net Assets						
	Governmental		Business Type		Total		Total
	Activities		Activities		District		Change
	2010	2009	2010	2009	2010	2009	2009-2010
Current and other assets	\$ 5,813,138	\$ 6,390,351	\$117,119	\$ 101,254	\$ 5,930,257	\$ 6,491,605	-8.65%
Capital assets	8,318,676	8,511,107	49,487	42,998	8,368,163	8,554,105	-2.17%
Total assets	14,131,814	14,901,458	166,606	144,252	14,298,420	15,045,710	-4.97%
Long-term liabilities	715,686	1,369,800	-	-	715,686	1,369,800	-47.75%
Other liabilities	2,907,582	3,029,927	25,206	24,609	2,932,788	3,054,536	-3.99%
Total liabilities	3,623,268	4,399,727	25,206	24,609	3,648,474	4,424,336	-17.54%
Net assets							
Invested in capital assets,							
net of related debt	7,793,676	7,181,107	49,487	42,999	7,843,163	7,224,106	8.57%
Restricted	489,735	961,498	-	-	489,735	961,498	-49.07%
Unrestricted	2,225,135	2,359,126	91,913	76,644	2,317,048	2,435,770	-4.87%
Total net assets	\$ 10,508,546	\$ 10,501,731	\$141,400	\$ 119,643	\$ 10,649,946	\$ 10,621,374	0.27%

The District's combined net assets increased by approximately .3%, or \$28,572 over the prior year. The largest portion of the District's net assets is the investment in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets decreased \$471,763, or 50% from the prior year.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased \$118,722, or approximately 5%.

Figure A-4 shows the changes in net assets for the year ended June 30, 2010 compared to the year ended June 30, 2009.

Figure A-4

	Change in Net Assets						
	Governmental Activities		Business Type Activities		Total District		Total Change
	2010	2009	2010	2009	2010	2009	2009-2010
Revenues							
Program revenues							
Charges for service	\$ 962,286	\$ 913,765	\$ 485,950	\$ 507,719	\$ 1,448,236	\$ 1,421,484	1.88%
Operating grants	1,592,200	1,186,581	154,135	144,766	1,746,335	1,331,347	31.17%
General revenues							
Property tax	3,210,918	3,117,678	-	-	3,210,918	3,117,678	2.99%
Statewide sales, services and use tax	512,196	592,408	-	-	512,196	592,408	-13.54%
Unrestricted state grants	2,819,977	3,642,554	-	-	2,819,977	3,642,554	-22.58%
Contributions and donations	22,638	40,740	-	-	22,638	40,740	-44.43%
Unrestricted investment earnings	43,333	61,563	1,666	2,557	44,999	64,120	-29.82%
Gain on sale of capital assets	-	9,074	-	-	-	9,074	-100.00%
Other	<u>36,586</u>	<u>24,265</u>	<u>-</u>	<u>-</u>	<u>36,586</u>	<u>24,265</u>	50.78%
Total revenues	<u>9,200,134</u>	<u>9,588,628</u>	<u>641,751</u>	<u>655,042</u>	<u>9,841,885</u>	<u>10,243,670</u>	-3.92%
Program expenses							
Governmental activities							
Instruction	5,752,384	5,537,511	-	-	5,752,384	5,537,511	3.88%
Support services	2,544,263	2,535,784	-	-	2,544,263	2,535,784	0.33%
Non-instructional programs	187,021	166,636	619,994	686,847	807,015	853,483	-5.44%
Other expenses	<u>709,651</u>	<u>698,706</u>	<u>-</u>	<u>-</u>	<u>709,651</u>	<u>698,706</u>	1.57%
Total expenses	<u>9,193,319</u>	<u>8,938,637</u>	<u>619,994</u>	<u>686,847</u>	<u>9,813,313</u>	<u>9,625,484</u>	1.95%
Change in net assets	6,815	649,991	21,757	(31,805)	28,572	618,186	-95.38%
Net assets, beginning of year	<u>10,501,731</u>	<u>9,851,740</u>	<u>119,643</u>	<u>151,448</u>	<u>10,621,374</u>	<u>10,003,188</u>	0.00%
Net assets, end of year	<u>\$10,508,546</u>	<u>\$ 10,501,731</u>	<u>\$ 141,400</u>	<u>\$ 119,643</u>	<u>\$ 10,649,946</u>	<u>\$ 10,621,374</u>	0.27%

In fiscal 2010, property tax and unrestricted state grants account for 66% of the revenue from governmental activities while charges for service and sales and operating grants and contributions account for 99% of the revenue from business type activities.

The District's total revenues were \$9,841,885 of which \$9,200,134 was for governmental activities and \$641,751 was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 4% decrease in revenues and a 2% increase in expenses. The decreases in revenues are attributable to decreased statewide sales, services and use tax as well as the 10% across the board state aid cut. Increased expenses relate to increases in salary/wages and benefits. Operating grants increased \$405,619 to fund some increases in expenses.

Governmental Activities

Revenues for governmental activities were \$9,200,134 and expenses were \$9,193,319 for the year ended June 30, 2010.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses, for the year ended June 30, 2010 compared to the year ended June 30, 2009.

Figure A-5

	Total and Net Cost of Governmental Activities					
	Total Cost of Services			Net Cost of Services		
			Change			Change
	<u>2010</u>	<u>2009</u>	<u>2009-2010</u>	<u>2010</u>	<u>2009</u>	<u>2009-2010</u>
Instruction	\$ 5,752,384	\$ 5,537,511	3.9%	\$ 3,554,996	\$ 3,770,378	-5.7%
Support services	2,544,263	2,535,784	0.3%	2,529,865	2,515,903	0.6%
Non-instructional programs	187,021	166,636	12.2%	178,336	166,636	7.0%
Other expenses	<u>709,651</u>	<u>698,706</u>	1.6%	<u>375,636</u>	<u>385,374</u>	-2.5%
Total expenses	<u>\$ 9,193,319</u>	<u>\$ 8,938,637</u>	2.8%	<u>\$ 6,638,833</u>	<u>\$ 6,838,291</u>	-2.9%

For the year ended June 30, 2010:

- The cost financed by users of the District's programs was \$962,286.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,592,200.
- The net cost of governmental activities was financed with \$3,723,114 in property and other taxes and \$2,819,977 in unrestricted state grants.

Business Type Activities

Revenues for business type activities during the year ended June 30, 2010 were \$641,751 representing a 2% decrease from the prior year and expenses were \$619,994, a 10% decrease from the prior year. The District's business type activities include the School Nutrition Fund, FFA Farm Fund, Swimming Pool Fund and Latchkey Fund.

Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income. Revenue and expenditure decreases are mostly due to no Latchkey summer program from June 2009-August 2009.

INDIVIDUAL FUND ANALYSIS

As previously noted, Wilton Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a combined fund balance of \$1,977,839 well below last year's ending fund balances of \$2,546,797.

Governmental Fund Highlights

- The General Fund balance decreased from \$1,590,137 to \$1,432,179 due to 10% across the board State Aid cut.
- The Capital Projects Fund balance decreased from \$722,437 to \$183,698. Major improvements warranted spending into carried over funds as well as borrowing to refinance bond anticipation notes.

Proprietary Fund Highlights

Enterprise Fund net assets increased from \$119,643 at June 30, 2009 to \$141,400 at June 30, 2010, representing an increase of approximately 18%. The increase was due to being conservative during recession in proprietary funds.

BUDGETARY HIGHLIGHTS

Over the course of the year, Wilton Community School District amended its annual budget by \$941,170 in the Other Expenditures function to cover costs associated with BAN refinancing and early Revenue Bond payoff shifted from July 2010 to June 2010.

The District's revenues were \$609,956 less than budgeted revenues, a variance of approximately 6%. Total expenditures were \$821,651 less than budgeted, due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures close to the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2010, the District had invested \$8,368,163 net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net decrease of approximately 2% over last year. More detailed information about the District's capital assets is presented in Note 5 to the financial statements. Depreciation expense for the year was \$417,147.

The original cost of the District's capital assets was \$17,455,997. Governmental funds account for \$17,223,121, with the remainder of \$232,876 accounted for in the Proprietary Funds.

The largest change in capital asset activity during the year occurred in the furniture and equipment category, which decreased from \$565,274 at June 30, 2009 to \$536,877 at June 30, 2010. This decrease was a result of annual depreciation expense and asset disposals.

Figure A-6

Capital Assets, Net of Depreciation							
	Governmental		Business Type		Total		Total
	Activities		Activities		District		Change
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2009-2010</u>
Land	\$ 125,211	\$ 125,211	\$ -	\$ -	\$ 125,211	\$ 125,211	0.00%
Buildings and improvements	6,897,134	7,042,251	-	-	6,897,134	7,042,251	-2.06%
Improvements other than buildings	808,941	821,369	-	-	808,941	821,369	-1.51%
Furniture and equipment	<u>487,390</u>	<u>522,276</u>	<u>49,487</u>	<u>42,998</u>	<u>536,877</u>	<u>565,274</u>	-5.02%
Totals	<u>\$8,318,676</u>	<u>\$8,511,107</u>	<u>\$ 49,487</u>	<u>\$ 42,998</u>	<u>\$8,368,163</u>	<u>\$8,554,105</u>	-2.17%

Long-Term Debt

At June 30, 2010, the District had \$715,686 in general obligation and other long-term debt outstanding. This represents a decrease of approximately 48% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 7 to the financial statements.

The District continues to carry a general obligation bond rating of Aa3 assigned by national rating agencies to the District's debt. The Constitution of the State of Iowa limits the amount of general obligation debt districts can issue to 5 percent of the assessed value of all taxable property within the District. The District's outstanding general obligation debt is significantly below its constitutional debt limit of approximately \$9.8 million.

Figure A-7

Outstanding Long-term Obligations			
	Total		Total
	School District		Change
<u>Governmental Activities</u>	<u>2010</u>	<u>2009</u>	<u>2009-2010</u>
Revenue bonds	\$ 525,000	\$ 1,330,000	-60.53%
Compensated absences	16,002	10,531	51.95%
Termination benefits	119,172	29,269	307.16%
Net OPEB liability	<u>55,512</u>	<u>-</u>	100.00%
Total	<u>\$ 715,686</u>	<u>\$ 1,369,800</u>	-47.75%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- The District has experienced fluctuating enrollment for the past several years. The district expects declining enrollment in the future, making it difficult to balance future budgets.
- Fiscal 2010 was a one year contract with the Wilton Education Association (WEA). The District negotiated a new agreement during fiscal 2010 for 2011. Settlements in excess of "new money," or allowable growth in state funding, will have an adverse effect on the District's General Fund budget and related fund balance.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Staci Owens-Kirkman, District Treasurer/Business Manager, or Joe Burnett, Superintendent at the Wilton Community School District, 1002 Cypress Street, Wilton, Iowa 52778.

Basic Financial Statements

WILTON COMMUNITY SCHOOL DISTRICT
Statement of Net Assets
June 30, 2010

Exhibit A

	Governmental Activities	Business Type Activities	Total
Assets			
Cash and cash equivalents	\$ 2,462,272	\$102,252	\$ 2,564,524
Receivables			
Property tax			
Delinquent	29,672	-	29,672
Succeeding year	2,784,573	-	2,784,573
Accounts receivable	4,865	4,030	8,895
Accrued interest	7	-	7
Income surtax	332,043	-	332,043
Due from other governments	199,706	1,341	201,047
Inventories	-	9,496	9,496
Non-depreciable capital assets	125,211	-	125,211
Capital assets, net of accumulated depreciation	8,193,465	49,487	8,242,952
Total assets	<u>14,131,814</u>	<u>166,606</u>	<u>14,298,420</u>
Liabilities			
Accounts payable	14,014	4,207	18,221
Salaries and benefits payable	18,978	12,999	31,977
Accrued interest payable	383	-	383
Bank loan payable	-	8,000	8,000
Due to other governments	89,634	-	89,634
Deferred revenue			
Succeeding year property tax	2,784,573	-	2,784,573
Long-term liabilities			
Portion due within one year			
Revenue bonds payable	175,000	-	175,000
Termination benefits payable	45,107	-	45,107
Portion due after one year			
Revenue bonds payable	350,000	-	350,000
Compensated absences	16,002	-	16,002
Termination benefits payable	74,065	-	74,065
Net OPEB liability	55,512	-	55,512
Total liabilities	<u>3,623,268</u>	<u>25,206</u>	<u>3,648,474</u>

See notes to financial statements.

WILTON COMMUNITY SCHOOL DISTRICT
Statement of Net Assets
June 30, 2010

Exhibit A

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
Net Assets			
Invested in capital assets, net of related debt	\$ 7,793,676	\$ 49,487	\$ 7,843,163
Restricted for			
Categorical funding	63,630	-	63,630
Management levy	61,627	-	61,627
Physical plant and equipment levy	115,690	-	115,690
Debt service	887	-	887
Other special revenue purposes	64,203	-	64,203
Capital projects	183,698	-	183,698
Unrestricted	<u>2,225,135</u>	<u>91,913</u>	<u>2,317,048</u>
Total net assets	<u><u>\$10,508,546</u></u>	<u><u>\$141,400</u></u>	<u><u>\$10,649,946</u></u>

See notes to financial statements.

WILTON COMMUNITY SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2010

Exhibit B

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants, Capital Grants, Contributions and Restricted and Restricted Interest		Governmental Activities	Business Type Activities	Total
			Interest	Interest			
Governmental activities							
Instruction							
Regular instruction	\$ 3,697,247	\$ 575,683	\$ 1,010,495	\$ -	\$ (2,111,069)	\$ -	\$ (2,111,069)
Special instruction	998,900	55,265	207,766	-	(735,869)	-	(735,869)
Other instruction	1,056,237	313,824	34,355	-	(708,058)	-	(708,058)
	5,752,384	944,772	1,252,616	-	(3,554,996)	-	(3,554,996)
Support services							
Student	353,146	-	5,569	-	(347,577)	-	(347,577)
Instructional staff	198,955	-	-	-	(198,955)	-	(198,955)
Administration	951,665	-	-	-	(951,665)	-	(951,665)
Operation and maintenance of plant	684,946	-	-	-	(684,946)	-	(684,946)
Transportation	355,551	8,829	-	-	(346,722)	-	(346,722)
	2,544,263	8,829	5,569	-	(2,529,865)	-	(2,529,865)
Non-instructional programs	187,021	8,685	-	-	(178,336)	-	(178,336)
Other expenses							
Facilities acquisition	26,265	-	-	-	(26,265)	-	(26,265)
Long-term debt interest	41,409	-	-	-	(41,409)	-	(41,409)
AEA flowthrough	334,015	-	334,015	-	-	-	-
Loss on disposal of capital assets	4,883	-	-	-	(4,883)	-	(4,883)
Depreciation (unallocated) *	303,079	-	-	-	(303,079)	-	(303,079)
	709,651	-	334,015	-	(375,636)	-	(375,636)
Total governmental activities	9,193,319	962,286	1,592,200	-	(6,638,833)	-	(6,638,833)

See notes to financial statements.

WILTON COMMUNITY SCHOOL DISTRICT

Statement of Activities

For the Year Ended June 30, 2010

Exhibit B

Functions/Programs (continued)	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
Business type activities						
Non-instructional programs						
Food service operations	\$ 390,395	\$ 230,554	\$ 154,135	\$ -	\$ (5,706)	\$ (5,706)
Latchkey program	59,191	68,392	-	-	9,201	9,201
Swimming pool	144,712	153,556	-	-	8,844	8,844
FFA farm program	25,696	33,448	-	-	7,752	7,752
Total business type activities	619,994	485,950	154,135	-	20,091	20,091
Total	<u>\$ 9,813,313</u>	<u>\$ 1,448,236</u>	<u>\$ 1,746,335</u>	<u>(6,638,833)</u>	<u>20,091</u>	<u>(6,618,742)</u>
General Revenues						
Property tax levied for						
General purposes				3,146,349	-	3,146,349
Capital outlay				64,569	-	64,569
Statewide sales, services and use tax				512,196	-	512,196
Unrestricted state grants				2,819,977	-	2,819,977
Contributions and donations				22,638	-	22,638
Unrestricted investment earnings				43,333	1,666	44,999
Other				36,586	-	36,586
Total general revenues and special item				<u>6,645,648</u>	<u>1,666</u>	<u>6,647,314</u>
Change in net assets				6,815	21,757	28,572
Net assets, beginning of year				10,501,731	119,643	10,621,374
Net assets, end of year				<u>\$ 10,508,546</u>	<u>\$ 141,400</u>	<u>\$ 10,649,946</u>

* This amount excludes the depreciation included in the direct expenses of the various programs.

See notes to financial statements.

WILTON COMMUNITY SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2010

Exhibit C

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	Nonmajor Special Revenue <u>Funds</u>	<u>Total</u>
Assets					
Cash and pooled investments	\$1,496,386	\$ 74,014	\$1,270	\$357,777	\$1,929,447
Receivables					
Property tax					
Delinquent	27,139	-	-	2,533	29,672
Succeeding year	2,598,452	-	-	186,121	2,784,573
Accounts receivable	1,006	-	-	3,859	4,865
Accrued interest	-	7	-	-	7
Income surtax	332,043	-	-	-	332,043
Due from other governments	89,492	109,677	-	537	199,706
Due from other fund	1,541	-	-	-	1,541
Total assets	<u>\$4,546,059</u>	<u>\$183,698</u>	<u>\$1,270</u>	<u>\$550,827</u>	<u>\$5,281,854</u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 5,105	\$ -	\$ -	\$ 3,077	\$ 8,182
Salaries and benefits payable	18,978	-	-	-	18,978
Due to other fund	-	-	-	937	937
Due to other governments	89,634	-	-	-	89,634
Deferred revenue					
Succeeding year property tax	2,598,452	-	-	186,121	2,784,573
Income surtax	332,043	-	-	-	332,043
Other	69,668	-	-	-	69,668
Total liabilities	<u>3,113,880</u>	<u>-</u>	<u>-</u>	<u>190,135</u>	<u>3,304,015</u>
Fund balances					
Reserved for					
Debt service	-	-	1,270	-	1,270
Categorical funding	63,630	-	-	-	63,630
Unreserved					
Designated for ISP	13,079	-	-	-	13,079
Designated for cash flow	150,000	-	-	-	150,000
Undesignated governmental funds	1,205,470	183,698	-	-	1,389,168
Undesignated special revenue funds	-	-	-	360,692	360,692
Total fund balances	<u>1,432,179</u>	<u>183,698</u>	<u>1,270</u>	<u>360,692</u>	<u>1,977,839</u>
Total liabilities and fund balances	<u>\$4,546,059</u>	<u>\$183,698</u>	<u>\$1,270</u>	<u>\$550,827</u>	<u>\$5,281,854</u>

See notes to financial statements.

WILTON COMMUNITY SCHOOL DISTRICT
Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Assets
June 30, 2010

Exhibit D

Total fund balances of governmental funds	\$ 1,977,839
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	8,318,676
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	401,711
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(383)
The Internal Service Fund is used by the District to charge the costs of the flex-benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in the governmental activities in the Statement of Net Assets.	526,389
Long-term liabilities, including bonds and notes payable, compensated absences, other postemployment benefits and termination benefits are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(715,686)</u>
Net assets of governmental activities	<u>\$10,508,546</u>

WILTON COMMUNITY SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2010

Exhibit E

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Nonmajor Special Revenue Funds</u>	<u>Total</u>
Revenues					
Local sources					
Local tax	\$2,953,066	\$ 512,196	\$ -	\$244,458	\$ 3,709,720
Tuition	379,083	-	-	-	379,083
Other	136,249	2,771	113	329,132	468,265
State sources	3,718,043	-	-	142	3,718,185
Federal sources	657,108	-	-	-	657,108
Total revenues	<u>7,843,549</u>	<u>514,967</u>	<u>113</u>	<u>573,732</u>	<u>8,932,361</u>
Expenditures					
Current					
Instruction					
Regular	3,531,045	-	-	26,933	3,557,978
Special	991,773	-	-	-	991,773
Other	783,234	-	-	281,681	1,064,915
	<u>5,306,052</u>	<u>-</u>	<u>-</u>	<u>308,614</u>	<u>5,614,666</u>
Support services					
Student	352,485	-	-	-	352,485
Instructional staff	197,512	-	-	-	197,512
Administration	922,462	52	2,325	6,570	931,409
Operation and maintenance of plant	632,736	9,976	-	73,456	716,168
Transportation	257,105	3,970	-	44,934	306,009
	<u>2,362,300</u>	<u>13,998</u>	<u>2,325</u>	<u>124,960</u>	<u>2,503,583</u>
Non-instructional programs	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,532</u>	<u>12,532</u>
Other expenditures					
Facilities acquisition	-	172,571	-	-	172,571
Long-term debt					
Principal	-	-	1,330,000	-	1,330,000
Interest and fiscal charges	-	13,709	46,125	-	59,834
AEA flowthrough	334,015	-	-	-	334,015
	<u>334,015</u>	<u>186,280</u>	<u>1,376,125</u>	<u>-</u>	<u>1,896,420</u>
Total expenditures	<u>8,002,367</u>	<u>200,278</u>	<u>1,378,450</u>	<u>446,106</u>	<u>10,027,201</u>

See notes to financial statements.

WILTON COMMUNITY SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2010

Exhibit E

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Nonmajor Special Revenue Funds</u>	<u>Total</u>
Excess (deficiency) of revenues over (under) expenditures	\$ (158,818)	\$ 314,689	\$(1,378,337)	\$127,626	\$(1,094,840)
Other financing sources (uses)					
Sale of equipment and materials	860	-	-	-	860
Interest earned on bonds	-	22	-	-	22
Proceeds from issuance of bonds	-	525,000	-	-	525,000
Interfund operating transfers in	-	-	1,378,450	22,524	1,400,974
Interfund operating transfers (out)	-	(1,378,450)	(22,524)	-	(1,400,974)
Total other financing sources (uses)	<u>860</u>	<u>(853,428)</u>	<u>1,355,926</u>	<u>22,524</u>	<u>525,882</u>
Net change in fund balances	(157,958)	(538,739)	(22,411)	150,150	(568,958)
Fund balance, beginning of year	<u>1,590,137</u>	<u>722,437</u>	<u>23,681</u>	<u>210,542</u>	<u>2,546,797</u>
Fund balance, end of year	<u>\$1,432,179</u>	<u>\$ 183,698</u>	<u>\$ 1,270</u>	<u>\$360,692</u>	<u>\$ 1,977,839</u>

See notes to financial statements.

WILTON COMMUNITY SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2010

Exhibit F

Net change in fund balances - total governmental funds \$(568,958)

**Amounts reported for governmental activities in the Statement of Activities
are different because:**

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures and depreciation expense are as follows:

Expenditures for capital assets	\$ 224,851	
Gain on disposal of capital assets	(5,743)	
Depreciation expense	<u>(411,539)</u>	(192,431)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	50,278
--	--------

The Internal Service Fund is used by the District to charge the costs of the flex-benefit plan to individual funds. The change in net assets of the Internal Service Fund is reported with governmental activities.	45,387
---	--------

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.

Issued	\$(525,000)	
Repaid	<u>1,330,000</u>	805,000

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, as follows:

Early retirement	\$ (89,903)	
Compensated absences	(5,471)	
Other postemployment benefits	<u>(55,512)</u>	(150,886)

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the governmental funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.

	18,425	
Change in net assets of governmental activities	<u><u>\$ 6,815</u></u>	

See notes to financial statements.

WILTON COMMUNITY SCHOOL DISTRICT
Statement of Net Assets
Proprietary Funds
June 30, 2010

Exhibit G

	Business Type <u>Activities</u> Nonmajor <u>Enterprise</u>	Governmental <u>Activities</u> Internal <u>Service</u>
Assets		
Cash and cash equivalents	\$102,252	\$532,825
Accounts receivable	4,030	-
Due from other governments	1,341	-
Inventories	9,496	-
Capital assets, net of accumulated depreciation	49,487	-
Total assets	<u>166,606</u>	<u>532,825</u>
Liabilities		
Accounts payable	4,207	5,832
Salaries and benefits payable	12,999	-
Due to other funds	-	604
Bank loans payable	8,000	-
Total liabilities	<u>25,206</u>	<u>6,436</u>
Net Assets		
Invested in capital assets	49,487	-
Unrestricted	91,913	526,389
Total net assets	<u>\$141,400</u>	<u>\$526,389</u>

See notes to financial statements.

WILTON COMMUNITY SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2010

Exhibit H

	Business Type <u>Activities</u> <u>Nonmajor</u> <u>Enterprise</u>	Governmental <u>Activities</u> <u>Internal</u> <u>Service</u>
Operating revenue		
Local sources		
Charges for service	\$452,502	\$ 217,296
Sale of product	33,448	-
Total operating revenue	<u>485,950</u>	<u>217,296</u>
Operating expenses		
Support services		
Instructional staff	125	-
Administration	5,317	-
Operation and maintenance of plant	63,057	-
Transportation	4,087	-
Non-instructional programs	<u>547,408</u>	<u>172,086</u>
Total operating expenses	<u>619,994</u>	<u>172,086</u>
Operating income (loss)	<u>(134,044)</u>	<u>45,210</u>
Non-operating revenues		
Interest income	1,666	177
State sources	3,527	-
Federal sources	<u>150,608</u>	<u>-</u>
Total non-operating revenues	<u>155,801</u>	<u>177</u>
Net income	21,757	45,387
Net assets, beginning of year	<u>119,643</u>	<u>481,002</u>
Net assets, end of year	<u><u>\$141,400</u></u>	<u><u>\$ 526,389</u></u>

See notes to financial statements.

WILTON COMMUNITY SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2010

Exhibit I

	Business Type Activities	Governmental Activities
	Nonmajor Enterprise	Internal Service
Cash flows from operating activities		
Cash received from sale of services	\$ 451,655	\$217,296
Cash received from other operations	33,448	-
Cash payments to employees for services	(347,673)	(172,479)
Cash payments to suppliers for goods and services	(240,465)	-
Net cash provided by (used in) operating activities	<u>(103,035)</u>	<u>44,817</u>
Cash flows from non-capital financing activities		
Loan proceeds	8,000	-
Repayment of loans	(9,000)	-
State grants received	3,527	-
Federal grants received	124,620	-
Net cash provided by non-capital financing activities	<u>127,147</u>	<u>-</u>
Cash flows from capital and related financing activities		
Acquisition of capital assets	<u>(12,097)</u>	<u>-</u>
Cash flows from investing activities		
Interest on investments	<u>1,666</u>	<u>177</u>
Net increase in cash and cash equivalents	13,681	44,994
Cash and cash equivalents, beginning of year	88,571	487,831
Cash and cash equivalents, end of year	<u>\$ 102,252</u>	<u>\$ 532,825</u>

Reconciliation of operating income (loss) to net cash provided by (used in) operating activities

Operating income (loss)	\$ (134,044)	\$ 45,210
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation	5,608	-
Commodities used	25,988	-
Decrease in accounts receivable	188	-
(Increase) in due from other governments	(1,035)	-
(Increase) in inventory	(1,338)	-
(Decrease) in accounts payable	(4,801)	(997)
Increase) in due to other funds	-	604
Increase in accrued salaries and benefits	6,399	-
Net cash provided by (used in) operating activities	<u>\$ (103,035)</u>	<u>\$ 44,817</u>

Non-cash investing, capital and financing activities

During the year ended June 30, 2010 the District received \$25,988 of federal commodities.

See notes to financial statements.

WILTON COMMUNITY SCHOOL DISTRICT
Statement of Fiduciary Net Assets
Fiduciary Fund
June 30, 2010

Exhibit J

	<u>Agency</u>
Assets	
Cash and pooled investments	\$56,283
Liabilities	
Due to others	<u>56,283</u>
Net assets	
Reserved for scholarships	<u>\$ -</u>

See notes to financial statements.

WILTON COMMUNITY SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
For the Year Ended June 30, 2010

Exhibit K

	Private Purpose Trust <u>Scholarships</u>
Additions	\$ -
Deductions	
Instruction, regular	
Scholarships	<u>351</u>
Change in net assets	(351)
Net assets, beginning of year	<u>351</u>
Net assets, end of year	<u><u>\$ -</u></u>

See notes to financial statements.

WILTON COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2010

Note 1. Summary of Significant Accounting Policies

The Wilton Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. The geographic area served includes the City of Wilton, Iowa, and the agricultural territory in Cedar and Muscatine Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Wilton Community School District has included all funds, organizations, agencies, boards, commissions, and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on, the District. The Wilton Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the County Assessor's Conference Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

The Debt Service Fund is utilized to account for the payment of interest and principal on the District's general long-term debt.

The District reports no major proprietary funds. However, the District reports four nonmajor enterprise funds, School Nutrition Fund, FFA Farm Fund, Swimming Pool Fund and Latchkey Fund and two internal service funds, which are utilized for partially self-funded employee health insurance benefits and the District's flex-benefit program.

The District also reports fiduciary funds which focus on net assets and changes in net assets. The District's fiduciary funds include the following:

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements which require income earned to be used to benefit individuals through scholarship awards.

The Agency Fund is used to account for assets held by the District as an agent for individuals, private organizations and other governments. The Agency Fund is custodial in nature, assets equal liabilities, and does not involve measurement or results of operations.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, compensated absences and termination benefits are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

The proprietary funds of the District applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise funds are charges to customers for sales and services and sales of crop. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents - The cash balances of most District funds are pooled and invested. Investments are stated at fair value, except for the investment in the Iowa Schools Joint Investment Trust, which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the day of purchase, they have a maturity date no longer than three months.

Property Tax Receivable - Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current year and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½ % per month penalty for delinquent payments; is based on January 1, 2008 assessed property valuations; is for the tax accrual period July 1, 2009 through June 30, 2010 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2009.

Due From Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets - Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Land	\$ 2,500
Buildings	\$ 2,500
Improvements other than buildings	\$ 2,500
Intangibles	\$25,000
Furniture and equipment:	
School Nutrition Fund equipment	\$ 500
Other furniture and equipment	\$ 2,500

Capital assets are depreciated using the straight line method of depreciation over the following estimated useful lives:

<u>Asset Class</u>	<u>Useful Life</u>
Buildings & Improvements	50 years
Improvements other than buildings	20-50 years
Intangibles	5-10 years
Furniture and equipment	5-15 years

Salaries and Benefits Payable - Payroll and related expenditures associated with hourly employees for work performed in June but not paid until July, have been accrued as liabilities.

Termination Benefits - District employees meeting certain requirements are eligible for early retirement benefits. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental fund financial statements only for employees that have resigned or retired. The early retirement liability has

been computed based on rates of pay in effect at June 30, 2010. The early retirement liability attributable to the governmental activities will be paid primarily from the Management Fund.

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2010. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent federal grant proceeds, property tax and income surtax receivables not collected within sixty days after year end.

Deferred revenue on the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Long-term Liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Fund Balance - In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Designated Fund Balance - The District has designated a portion of its fund balance for cash flows.

Net Assets - Invested in capital assets, net of related debt consists of capital assets net of accumulated depreciation and reduced by the outstanding balance of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets consist of net assets with constraints placed on the use either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The government-wide statement of net assets reports \$177,317 of restricted net assets which is restricted by enabling legislation.

E. Budgeting and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

Note 2. Cash and Pooled Investments

The District's deposits in banks at June 30, 2010 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2010, the District had investments in the Iowa Schools Joint Investment Trust Diversified Portfolio which are valued at an amortized cost of \$82,457 pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Credit risk. The investments in the Iowa Schools Joint Investment Trust were rated Aaa by Moody's Investors Service.

Note 3. Due From and Due To Other Funds

The details of interfund receivables and payables at June 30, 2010 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
	Non-major special revenue fund	
General	Student activity fund	\$ 937
	Non-major proprietary fund	
General	Internal service fund	<u>604</u>
		<u>\$ 1,541</u>

This interfund payable from the Student Activity to the General Fund is for bus usage during fiscal 2010 that was unpaid at June 30, 2010 and the payable from the Internal Service Fund to the General Fund is for reimbursement of expenses. The balances will be repaid during the year ending June 30, 2010.

Note 4. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2010 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Capital Projects	\$ 1,378,450
Non-major special revenue fund		
Physical Plant and Equipment Levy	Debt Service	<u>22,524</u>
		<u>\$ 1,400,974</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources. The transfer from the Capital Projects Fund to the Debt Service Fund was to make principal and interest payments on debt. The transfer from the Debt Service Fund to the Physical Plant and Equipment Levy Fund was to move the balance remaining in the Debt Service Fund to be used to purchase equipment.

Note 5. Capital Assets

Capital assets activity for the year ended June 30, 2010 was as follows:

<u>Governmental activities</u>	<u>Balance, Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, End of Year</u>
Capital assets not being depreciated:				
Land	<u>\$ 125,211</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 125,211</u>
Capital assets being depreciated:				
Buildings and improvements	13,893,310	101,695	-	13,995,005
Improvements other than buildings	1,519,577	39,931	-	1,559,508
Furniture and equipment	<u>1,493,322</u>	<u>83,225</u>	<u>(33,150)</u>	<u>1,543,397</u>
Total capital assets being depreciated	<u>16,906,209</u>	<u>224,851</u>	<u>(33,150)</u>	<u>17,097,910</u>
Less accumulated depreciation for:				
Buildings and improvements	6,851,059	246,812	-	7,097,871
Improvements other than buildings	698,208	52,359	-	750,567
Furniture and equipment	<u>971,046</u>	<u>112,368</u>	<u>(27,407)</u>	<u>1,056,007</u>
Total accumulated depreciation	<u>8,520,313</u>	<u>411,539</u>	<u>(27,407)</u>	<u>8,904,445</u>
Total capital assets being depreciated, net	<u>8,385,896</u>	<u>(186,688)</u>	<u>(5,743)</u>	<u>8,193,465</u>
Governmental activities capital assets, net	<u>\$ 8,511,107</u>	<u>\$(186,688)</u>	<u>\$ (5,743)</u>	<u>\$ 8,318,676</u>
<u>Business type activities</u>				
Furniture and equipment	\$ 220,779	\$ 12,097	\$ -	\$ 232,876
Less accumulated depreciation	<u>(177,781)</u>	<u>(5,608)</u>	<u>-</u>	<u>(183,389)</u>
Business type activities capital assets, net	<u>\$ 42,998</u>	<u>\$ 6,489</u>	<u>\$ -</u>	<u>\$ 49,487</u>

Depreciation expense was charged to the following functions:

Governmental activities

Instruction	
Regular	\$ 26,201
Other	8,282
Support services	
Student support	4,259
Administration	8,474
Operation and maintenance of plant	5,403
Transportation	<u>55,841</u>
	108,460
Unallocated depreciation	<u>303,079</u>
Total governmental activities depreciation expense	<u>\$ 411,539</u>

Business type activities

Food services	\$ 3,455
Latchkey program	344
Swimming pool	524
FFA farm	<u>1,285</u>
Total business type activities depreciation expense	<u>\$ 5,608</u>

Note 6. Short-term Debt

On June 1, 2010, the District entered into a loan agreement with Community Bank for \$8,000. The loan was to provide short-term financing for the Enterprise, FFA Farm Fund. The loan bears interest at 8.25% and requires a single principal payment at maturity. The loan matures on December 1, 2010. At June 30, 2010, no interest or principal payments had been made on the loan. Therefore, the unpaid balance at June 30, 2010 was \$8,000. The District had entered into a loan agreement with Community Bank for \$9,000 on June 19, 2009 for short-term financing for the FFA Farm Fund. This loan, including interest of \$183, was repaid during the year ended June 30, 2010. Details of the District's short-term debt are as follows:

	Balance, Beginning of Year	Additions	Reductions	Balance, End of Year
Bank loan	\$ 9,000	\$ 8,000	\$ (9,000)	\$ 8,000

Note 7. Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2010 are summarized as follows:

	Beginning of Year	Additions	Reductions	End of Year	Within One Year
Revenue bonds	\$ 1,330,000	\$ 525,000	\$(1,330,000)	\$ 525,000	\$ 175,000
Compensated absences	10,531	27,717	(22,246)	16,002	-
Termination benefits	29,269	105,887	(15,984)	119,172	45,107
Net OPEB liability	-	55,512	-	55,512	-
Totals	<u>\$ 1,369,800</u>	<u>\$ 714,116</u>	<u>\$(1,368,230)</u>	<u>\$ 715,686</u>	<u>\$ 220,107</u>

Interest costs incurred and charged to expense on all long-term debt was \$38,423 for the year ended June 30, 2010. During the year ended June 30, 2010, the District made principal payments on total long-term debt of \$1,330,000.

Revenue Bonds

Details of the District's June 30, 2010 statewide sales, services and use tax revenue bonded indebtedness are as follows:

Year	Bond issue of June 1, 2010			
Ending	Interest			
June 30,	Rates	Interest	Principal	Total
2011	0.50%	\$ 2,297	\$ 175,000	\$ 177,297
2012	.75-1%	2,406	350,000	352,406
Totals		<u>\$ 4,703</u>	<u>\$ 525,000</u>	<u>\$ 529,703</u>

The District has pledged future statewide sales, services and use tax revenues to repay the \$525,000 bonds issued June 1, 2010. The bond proceeds were used to pay off the interest and principal on the 2008 bond issue. The bonds require semiannual interest and principal payments beginning January 1, 2011. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2012. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require approximately 68 percent of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid is \$529,703. For the current year, there was no principal or interest paid on the bonds and total statewide sales, services and use tax revenues were \$512,196.

The resolution providing for the issuance of the 2010 statewide sales, services and use tax revenue bonds did not have any restrictive provisions.

Termination Benefits

The District offers a voluntary early retirement plan to its certified employees. Eligible employees are required to be at least 55 years of age and have completed 15 years of consecutive service to the District. Employees must complete an application, which is required to be approved by the Board of Education. The early retirement incentive for each eligible employee is equal to 30% of the last three years base salary plus \$50 per day for unused sick leave days. The benefit is paid over a three year period beginning in January of the year following early retirement.

At June 30, 2010, the District had obligations to eight participants with a total liability of \$119,172. Actual early retirement expenditures for the year ended June 30, 2010 totaled \$15,984.

Note 8. Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, IA, 50306-9117.

Plan members were required to contribute 4.30%, 4.10 % and 3.90% of their annual covered salary and the District was required to contribute 6.65%, 6.35% and 6.05% of annual covered payroll for the years ended June 30, 2010, 2009 and 2008 respectively. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2010, 2009 and 2008 were \$329,989, \$310,364 and \$273,767, respectively, equal to the required contributions for each year.

Note 9. Other Postemployment Benefits (OPEB)

Plan Description – The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 102 active, of which 2 were excluded from the valuation because they were over the age of 65, and one retired member in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit rate subsidy and an OPEB liability.

Funding Policy – The contribution requirements of the plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation – The District’s annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding which, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District’s annual OPEB cost for the year ended June 30, 2010, the amount actually contributed to the plan and changes in the District’s net OPEB obligation:

Annual required contribution	\$ 57,205
Interest on net OPEB obligation	-
Adjustment to annual required contribution	<u>-</u>
Annual OPEB cost	57,205
Contributions made	<u>(1,693)</u>
Increase in net OPEB obligation	55,512
Net OPEB obligation beginning of year	<u>-</u>
Net OPEB obligation end of year	<u>\$ 55,512</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2010.

For the year ended June 30, 2010, the District contributed \$1,693 to the medical plan. Plan members eligible for benefits contributed nothing to the medical plan.

The District’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2010 are summarized as follows:

<u>Year</u> <u>Ended</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net</u> <u>OPEB</u> <u>Obligation</u>
06/30/10 \$	57,205	3.0%	\$ 55,512

Funded Status and Funding Progress – As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2009 through June 30, 2010, the actuarial accrued liability was \$522,974, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$522,974. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$5.1 million and the ratio of UAAL to covered payroll was 10.2%. As of June 30, 2010, there were no trust fund assets.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as Required Supplementary Information in the section following the Notes to Financial Statements will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of July 1, 2009 actuarial valuation date, the frozen entry age actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6%. The ultimate medical trend rate is 6%.

Mortality rates are from the 94 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2007 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2007.

The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

Note 10. Risk Management

The District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 11. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media, and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$334,015 adjusting entry to the cash basis financial statements.

Note 12. Self-funded Health Insurance

The District utilizes a self-insurance fund which is used for a partial self-funding of a medical insurance deductible and out-of-pocket expense buy-down, a fully-self funded dental plan with a third party administrator, and a fully-self funded vision plan. For medical insurance the district purchases a \$750 deductible with a \$1,500 out-of-pocket maximum through the Iowa Star Schools plan which is fully loaded through a BC/BS of Iowa plan. The district buys down the deductible to \$250 with an out-of-pocket maximum of \$1,000. The funding for this portion of Self-Insurance Fund comes from the difference in premiums. The district expenses out the \$250 deductible plans, but only pays BC/BS for the \$750 deductible plan. For the dental insurance the district hires Employee Benefit Systems out of Burlington, Iowa as a third party administrator for all dental claims. The funding for this portion of the Self-Insurance Fund comes directly from premiums expensed. For the vision insurance the district processes all claims in the Central Office as we have fixed amounts for each area of coverage which makes claims processing simple and straightforward. The funding for this portion of the Self-Insurance Fund comes directly from premiums expensed. Funds for all three self-insured plans are kept locally in one account separate from all others.

The Flexible Spending Fund is used for the section 125 plan for medical expenses and dependent care expenses. The funds are kept locally in a separate account, but all claims are processed through Employee Benefit Systems in Burlington, Iowa.

At June 30, 2010, the District had accumulated an excess of \$481,002 in its Internal Service Funds to cover employee health care and section 125 claims. Also, the District continues to fund this plan by depositing premiums into the account on a monthly basis. The District's deposits into this fund have exceeded claims paid from the fund during the years ended June 30, 2010, 2009, 2008, 2007 and 2006. All submitted claims had been paid or accrued at June 30, 2010. The District does not expect claims to exceed monies available in the fund during the year ending June 30, 2010. The District is contingently liable for any claims in excess of funds available at June 30, 2010.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an estimated amount for claims that have been incurred but not reported (IBNR) which represent estimates of the eventual loss on claims arising prior to year-end. Claims liabilities are reported in the financial statements in other current liabilities. Changes in the balances of claims liabilities during the past two fiscal years are as follows:

	<u>Year Ended June 30,</u>	
	<u>2010</u>	<u>2009</u>
Unpaid claims, beginning of year	\$ 6,829	\$ 3,272
Current year claims and changes in estimates	171,089	84,972
Claim payments	<u>(172,086)</u>	<u>(81,415)</u>
Unpaid claims, end of year	<u>\$ 5,832</u>	<u>\$ 6,829</u>

Note 13. Contingencies

Grant Funding - The District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants were subjected to local audit but still remain open to audit by the appropriate grantor government. If expenditures are disallowed by the grantor government due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. As of June 30, 2010, significant amounts of grant expenditures have not been audited by granting authorities but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

Insurance Plan - As discussed in Note 12, the District is contingently liable for any unreported claim or assessment in excess of their balance in the Internal Service Insurance Fund.

Note 14. Related Party Transactions

During the year ended June 30, 2010, the District had business transactions between the District and District officials totaling \$15,353.

Note 15. New Governmental Accounting Standards Board (GASB) Statements

The District implemented the following statements during the year ended June 30, 2010:

- GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This Statement establishes standards for the measurement, recognition and display of other postemployment benefits expenses and related liabilities or assets, note disclosures and, if applicable, required supplementary information in the financial reports. The effect of the adoption of this Statement to the District was to record a liability of \$55,512 for the net other postemployment benefit obligation. The actuarial accrued liability is estimated by an actuary to be \$522,974.
- GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This Statement provides guidance regarding how to identify, account for, and report intangible assets. The new standard characterizes an intangible asset an asset that lacks physical substance, is nonfinancial in nature, and has an initial useful life extending beyond a single reporting period. Examples of intangible assets include easements, computer software, water rights, timber rights, patents and trademarks. This standard provides that intangible assets be classified as capital assets (except for those explicitly excluded from the scope of the new standard, such as capital leases). Relevant authoritative guidance for capital assets should be applied to these intangible assets. This Statement had no effect to the District since the District had no intangible assets to be reported as of June 30, 2010.

- GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. This Statement will improve how state and local governments report information about derivative instruments in their financial statements. The Statement specifically requires governments to measure most derivative instruments at fair value in their financial statements that are prepared using the economic resources measurement focus and the accrual basis of accounting. The guidance in the Statement also addresses hedge accounting requirements. This Statement had no effect to the District. Furthermore, Iowa Code Chapter 128.10 does not authorize districts to invest in derivative instruments.
- GASB Statement No. 58 *Accounting and Financial Reporting for Chapter 9 Bankruptcies*. This Statement provides guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. It establishes requirements for recognizing and measuring the effects of the bankruptcy process on assets and liabilities, and for classifying changes in those items and related costs. The adoption of this statement had no effect to the District.

As of June 30, 2010, the GASB had issued several Statements not yet implemented by the District. The Statements which might impact the District are as follows:

- GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Issued March 2009, will be effective for the District beginning with its year ending June 30, 2011. This Statement is intended to improve the usefulness of information provided to financial report users about fund balances by providing clearer, more structured fund balance clarifications,. And by clarifying the definitions of existing governmental fund types. Fund balance information is among the most widely and frequently used information in state and local government financial reports. The GASB developed this standard to address the diversity of practice and the resulting lack of consistency that had evolved in fund balance reporting. To reduce confusion, the new standard establishes a hierarchy of fund balance classification based primarily on the extent to which government is bound to observe spending constraints.
- GASB Statement No. 57 *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, an amendment of GASB Statement No. 43 and No. 45, issued January 2010, will be effective for the District beginning with its year ending June 30, 2012. This Statement addresses issues related to measurement of OPEB obligations by certain employers participating in agent multiple-employer OPEB plans.
- GASB Statement No. 59, *Financial Instruments Omnibus*, issued June 2010, will be effective for the District beginning with its year ending June 30, 2011. This Statement is intended to update and improve existing standards regarding financial reporting of certain financial instruments and external investments pools. Specifically, this Statement provides financial reporting guidance by emphasizing the applicability of SEC requirements to certain external investments pool, addressing the applicability of GASB 53, *Accounting and Financial Reporting for Derivative Instruments*, and applying the reporting provisions

for interest-earning investment contracts of GASB 31, Accounting and Financial Reporting for Certain Investments and for External Investments Pools.

The District's management has not yet determined the effect these Statements will have on the District's financial statements.

Note 16. Deficit Balance

The District had an unrestricted fund deficit of \$4,095 in the enterprise, FFA Farm Fund at June 30, 2010.

Required Supplementary Information

WILTON COMMUNITY SCHOOL DISTRICT
 Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances - Budget and Actual
 All Governmental Funds and Proprietary Funds
 Required Supplementary Information
 For the Year Ended June 30, 2010

	Governmental Funds <u>Actual</u>	Proprietary Funds <u>Actual</u>	Total <u>Actual</u>	Budgeted Amounts <u>Original</u> <u>Final</u>	Final to Actual Variance
Revenues					
Local sources	\$ 4,557,068	\$487,616	\$5,044,684	\$5,249,989	\$ (205,305)
State sources	3,718,185	3,527	3,721,712	4,639,779	(918,067)
Federal sources	657,108	150,608	807,716	294,300	513,416
Total revenues	<u>8,932,361</u>	<u>641,751</u>	<u>9,574,112</u>	<u>10,184,068</u>	<u>(609,956)</u>
Expenditures/Expenses					
Instruction	5,614,666	-	5,614,666	5,855,600	240,934
Support services	2,503,583	72,586	2,576,169	2,962,751	386,582
Non-instructional programs	12,532	547,408	559,940	675,495	115,555
Other expenditures	1,896,420	-	1,896,420	1,033,830	78,580
Total expenditures/expenses	<u>10,027,201</u>	<u>619,994</u>	<u>10,647,195</u>	<u>10,527,676</u>	<u>821,651</u>
Excess (deficiency) of revenues over (under) expenditures	(1,094,840)	21,757	(1,073,083)	(343,608)	211,695
Net other financing sources	<u>525,882</u>	<u>-</u>	<u>525,882</u>	<u>703,000</u>	<u>(1,118,288)</u>
Net change in fund balance	(568,958)	21,757	(547,201)	359,392	(906,593)
Balance, beginning of year	2,546,797	119,643	2,666,440	2,776,708	(110,268)
Balance, end of year	<u>\$ 1,977,839</u>	<u>\$141,400</u>	<u>\$2,119,239</u>	<u>\$3,136,100</u>	<u>\$(1,016,861)</u>

See accompanying Independent Auditor's Report.

WILTON COMMUNITY SCHOOL DISTRICT
Notes to Required Supplementary Information – Budgetary Reporting
For the Year Ended June 30, 2010

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Internal Service, Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment to increase budgeted expenditures in the Other Expenditures function by \$941,170.

WILTON COMMUNITY SCHOOL DISTRICT
Schedule of Funding Progress for the
Retiree Health Plan
Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	\$ -	\$522,974	\$522,974	\$ -	\$5,108,427	10.2%

See Note 9 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

Other Supplementary Information

WILTON COMMUNITY SCHOOL DISTRICT
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2010

Schedule 1

	Student <u>Activity</u>	Management <u>Levy</u>	Physical Plant and Equipment <u>Levy</u>	<u>Total</u>
Assets				
Cash and pooled investments	\$ 67,515	\$175,239	\$115,023	\$ 357,777
Receivables				
Property tax				
Delinquent	-	1,869	664	2,533
Succeeding year	-	120,000	66,121	186,121
Accounts receivable	177	3,682	-	3,859
Due from other governments	525	9	3	537
Total assets	<u>\$ 68,217</u>	<u>\$300,799</u>	<u>\$181,811</u>	<u>\$ 550,827</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 3,077	\$ -	\$ -	\$ 3,077
Due to other funds	937	-	-	937
Deferred revenue				
Succeeding year property tax	-	120,000	66,121	186,121
Total liabilities	4,014	120,000	66,121	190,135
Fund balances				
Unreserved fund balances	64,203	180,799	115,690	360,692
Total liabilities and fund balances	<u>\$ 68,217</u>	<u>\$300,799</u>	<u>\$181,811</u>	<u>\$ 550,827</u>

See accompanying Independent Auditor's Report.

WILTON COMMUNITY SCHOOL DISTRICT
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2010

Schedule 2

	Student <u>Activity</u>	Management <u>Levy</u>	Physical Plant and Equipment <u>Levy</u>	<u>Total</u>
Revenues				
Local sources				
Local tax	\$ -	\$179,927	\$ 64,531	\$244,458
Other	305,837	21,963	1,332	329,132
State sources	-	105	37	142
Total revenues	<u>305,837</u>	<u>201,995</u>	<u>65,900</u>	<u>573,732</u>
Expenditures				
Current				
Instruction				
Regular	-	26,933	-	26,933
Other	<u>279,847</u>	<u>1,834</u>	<u>-</u>	<u>281,681</u>
Total instruction	<u>279,847</u>	<u>28,767</u>	<u>-</u>	<u>308,614</u>
Support services				
Administration	1,593	4,977	-	6,570
Operation and maintenance of plant	28,461	44,995	-	73,456
Transportation	<u>6,127</u>	<u>19,010</u>	<u>19,797</u>	<u>44,934</u>
Total support services	<u>36,181</u>	<u>68,982</u>	<u>19,797</u>	<u>124,960</u>
Non-instructional programs	-	12,532	-	12,532
Total expenditures	<u>316,028</u>	<u>110,281</u>	<u>19,797</u>	<u>446,106</u>
Excess (deficiency) of revenues over (under) expenditures	(10,191)	91,714	46,103	127,626
Other financing sources				
Interfund operating transfers in	-	-	22,524	22,524
Net change in fund balances	(10,191)	91,714	68,627	150,150
Fund balances, beginning of year	<u>74,394</u>	<u>89,085</u>	<u>47,063</u>	<u>210,542</u>
Fund balances, end of year	<u>\$ 64,203</u>	<u>\$180,799</u>	<u>\$115,690</u>	<u>\$360,692</u>

See accompanying Independent Auditor's Report.

WILTON COMMUNITY SCHOOL DISTRICT
Combining Statement of Net Assets
Nonmajor Enterprise Funds
June 30, 2010

Schedule 3

	<u>School</u> <u>Nutrition</u>	<u>Latchkey</u>	<u>Swimming</u> <u>Pool</u>	<u>FFA</u> <u>Farm</u>	<u>Total</u>
Assets					
Cash and cash equivalents	\$ 67,887	\$15,378	\$12,746	\$ 6,241	\$102,252
Accounts receivable	2,044	1,905	81	-	4,030
Due from other governments	-	1,341	-	-	1,341
Inventories	9,496	-	-	-	9,496
Capital assets, net of accumulated depreciation	<u>27,027</u>	<u>9,725</u>	<u>2,490</u>	<u>10,245</u>	<u>49,487</u>
Total assets	<u>106,454</u>	<u>28,349</u>	<u>15,317</u>	<u>16,486</u>	<u>166,606</u>
Liabilities					
Accounts payable	150	-	1,721	2,336	4,207
Salaries and benefits payable	842	7,310	4,847	-	12,999
Bank loans payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,000</u>	<u>8,000</u>
Total liabilities	<u>992</u>	<u>7,310</u>	<u>6,568</u>	<u>10,336</u>	<u>25,206</u>
Net Assets					
Invested in capital assets	27,027	9,725	2,490	10,245	49,487
Unrestricted	<u>78,435</u>	<u>11,314</u>	<u>6,259</u>	<u>(4,095)</u>	<u>91,913</u>
Total net assets	<u>\$105,462</u>	<u>\$21,039</u>	<u>\$ 8,749</u>	<u>\$ 6,150</u>	<u>\$141,400</u>

See accompanying Independent Auditor's Report.

WILTON COMMUNITY SCHOOL DISTRICT
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Nonmajor Enterprise Funds
For the Year Ended June 30, 2010

Schedule 4

	School <u>Nutrition</u>	<u>Latchkey</u>	Swimming <u>Pool</u>	FFA <u>Farm</u>	<u>Total</u>
Operating revenue					
Local sources					
Charges for service	\$ 230,554	\$ 68,392	\$153,556	\$ -	\$ 452,502
Sale of product	-	-	-	33,448	33,448
Total operating revenue	<u>230,554</u>	<u>68,392</u>	<u>153,556</u>	<u>33,448</u>	<u>485,950</u>
Operating expenses					
Support services					
Instructional staff					
Purchased services	-	125	-	-	125
Administration					
Benefits	215	-	100	-	315
Purchased services	1,611	423	1,780	-	3,814
Supplies	40	-	-	-	40
Interest	-	-	965	183	1,148
	<u>1,866</u>	<u>423</u>	<u>2,845</u>	<u>183</u>	<u>5,317</u>
Operation and maintenance of plant					
Salaries	-	-	239	-	239
Benefits	-	-	34	-	34
Purchased services	8,028	25	16,520	-	24,573
Supplies	1,054	1,256	35,033	-	37,343
Depreciation	-	344	524	-	868
	<u>9,082</u>	<u>1,625</u>	<u>52,350</u>	<u>-</u>	<u>63,057</u>
Transportation					
Purchased services	-	-	-	75	75
Supplies	-	-	-	2,727	2,727
Depreciation	-	-	-	1,285	1,285
	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,087</u>	<u>4,087</u>
Total support services	<u>10,948</u>	<u>2,173</u>	<u>55,195</u>	<u>4,270</u>	<u>72,586</u>
Non-instructional programs					
Salaries	154,539	42,080	72,137	-	268,756
Benefits	58,869	11,871	13,988	-	84,728
Purchased services	-	-	48	954	1,002
Supplies	162,584	3,067	3,344	20,472	189,467
Depreciation	3,455	-	-	-	3,455
	<u>379,447</u>	<u>57,018</u>	<u>89,517</u>	<u>21,426</u>	<u>547,408</u>
Total operating expenses	<u>390,395</u>	<u>59,191</u>	<u>144,712</u>	<u>25,696</u>	<u>619,994</u>

See accompanying Independent Auditor's Report.

WILTON COMMUNITY SCHOOL DISTRICT
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Nonmajor Enterprise Funds
For the Year Ended June 30, 2010

Schedule 4

	<u>School Nutrition</u>	<u>Latchkey</u>	<u>Swimming Pool</u>	<u>FFA Farm</u>	<u>Total</u>
Operating (loss)	<u>\$(159,841)</u>	<u>\$ 9,201</u>	<u>\$ 8,844</u>	<u>\$ 7,752</u>	<u>\$(134,044)</u>
Non-operating revenue					
Interest income	1,259	121	198	88	1,666
State sources	3,527	-	-	-	3,527
Federal sources	<u>150,608</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>150,608</u>
Total non-operating revenue	<u>155,394</u>	<u>121</u>	<u>198</u>	<u>88</u>	<u>155,801</u>
Net income (loss)	(4,447)	9,322	9,042	7,840	21,757
Net assets, beginning of year	<u>109,909</u>	<u>11,717</u>	<u>(293)</u>	<u>(1,690)</u>	<u>119,643</u>
Net assets, end of year	<u>\$ 105,462</u>	<u>\$ 21,039</u>	<u>\$ 8,749</u>	<u>\$ 6,150</u>	<u>\$ 141,400</u>

See accompanying Independent Auditor's Report.

WILTON COMMUNITY SCHOOL DISTRICT
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2010

Schedule 5

	School Nutrition	Latchkey	Swimming Pool	FFA Farm	Total
Cash flows from operating activities					
Cash received from sale of services	\$ 232,124	\$66,056	\$ 153,475	\$ -	\$ 451,655
Cash received from other operations	-	-	-	33,448	33,448
Cash payments to employees for services	(212,925)	(46,641)	(88,107)	-	(347,673)
Cash payments to suppliers for goods and services	(148,743)	(4,896)	(58,044)	(28,782)	(240,465)
Net cash provided by (used in) operating activities	<u>(129,544)</u>	<u>14,519</u>	<u>7,324</u>	<u>4,666</u>	<u>(103,035)</u>
Cash flows from non-capital financing activities					
Loan proceeds	-	-	-	8,000	8,000
Repayments of loans	-	-	-	(9,000)	(9,000)
State grants received	3,527	-	-	-	3,527
Federal grants received	124,620	-	-	-	124,620
Net cash provided by (used in) non-capital financing activities	<u>128,147</u>	<u>-</u>	<u>-</u>	<u>(1,000)</u>	<u>127,147</u>
Cash flows from capital and related financing activities					
Acquisition of capital assets	<u>(12,097)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,097)</u>
Cash flows from investing activities					
Interest on investments	<u>1,259</u>	<u>121</u>	<u>198</u>	<u>88</u>	<u>1,666</u>
Net increase (decrease) in cash and cash equivalents	(12,235)	14,640	7,522	3,754	13,681
Cash and cash equivalents, beginning of year	80,122	738	5,224	2,487	88,571
Cash and cash equivalents, end of year	<u>\$ 67,887</u>	<u>\$15,378</u>	<u>\$ 12,746</u>	<u>\$ 6,241</u>	<u>\$ 102,252</u>

Reconciliation of operating income (loss) to net cash provided by (used in) operating activities

Operating income (loss)	\$(159,841)	\$ 9,201	\$ 8,844	\$ 7,752	\$(134,044)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation	3,455	344	524	1,285	5,608
Commodities used	25,988	-	-	-	25,988
(Increase) decrease in accounts receivable	1,570	(1,301)	(81)	-	188
(Increase) in due from other governments	-	(1,035)	-	-	(1,035)
(Increase) in inventory	(1,338)	-	-	-	(1,338)
(Decrease) in accounts payable	(76)	-	(354)	(4,371)	(4,801)
Increase (decrease) in accrued salaries and benefits	698	7,310	(1,609)	-	6,399
Net cash provided by (used in) operating activities	<u>\$(129,544)</u>	<u>\$14,519</u>	<u>\$ 7,324</u>	<u>\$ 4,666</u>	<u>\$(103,035)</u>

Non-cash investing, capital and related financing activities:

During the year ended June 30, 2010 the District received \$25,988 of federal commodities.

See accompanying Independent Auditor's Report.

WILTON COMMUNITY SCHOOL DISTRICT
Schedule of Changes in Fiduciary Assets and Liabilities - Agency Fund
For the Year Ended June 30, 2010

Schedule 6

	Balance, Beginning of <u>Year</u>	<u>Additions</u>	<u>Deductions</u>	Balance, End of <u>Year</u>
Assets				
Cash	<u>\$ 45,989</u>	<u>\$ 94,679</u>	<u>\$ 84,385</u>	<u>\$56,283</u>
 Liabilities				
Due to others	<u>\$ 45,989</u>	<u>\$ 94,679</u>	<u>\$ 84,385</u>	<u>\$56,283</u>

See accompanying Independent Auditor's Report.

WILTON COMMUNITY SCHOOL DISTRICT
Schedule of Changes in Special Revenue Fund, Student Activity Accounts
For the Year Ended June 30, 2010

Schedule 7

Account	Balance, Beginning of Year	Revenues	Expenditures	Intrafund Transfers	Balance, End of Year
Drama/speech	\$ 617	\$ 1,933	\$ 1,903	\$ -	\$ 647
Vocal - elementary	-	554	554	-	-
Vocal - high school	6,034	3,480	4,640	-	4,874
Instrumental - elementary	1,028	1,042	840	-	1,230
Instrumental - high school	1,963	10,517	11,648	107	939
Weight-lifting	681	3,520	3,447	-	754
Cross country	1,230	5,300	4,613	-	1,917
Boys' basketball	3,969	12,183	12,518	-	3,634
Football	4,418	30,654	32,757	3,712	6,027
Baseball	2,544	22,715	30,993	10,313	4,579
Boys' track	847	4,104	4,685	218	484
Boys' golf	10	2,100	1,791	(9)	310
Wrestling	1,752	18,773	18,706	(5)	1,814
Girls' basketball	2,379	11,500	12,354	(7)	1,518
Volleyball	4,979	16,714	15,878	(229)	5,586
Softball	1,126	30,505	30,043	984	2,572
Girls' track	486	6,425	5,344	167	1,734
Girls' golf	343	2,117	1,890	(9)	561
Student services	177	258	95	(2)	338
Chess club	6	-	-	-	6
PIE	451	205	143	-	513
Elementary student leaders	121	-	-	-	121
Students 4 Earth	1,233	-	-	-	1,233
Elementary Earth keepers	240	-	35	-	205
Yearbook - high school	571	12,839	13,261	(47)	102
Yearbook - elementary	424	1,261	1,165	(21)	499
Stepperettes	3,556	5,212	6,980	15	1,803
Cheerleaders - high school	156	1,628	1,305	-	479
FFA	5,113	13,055	16,076	(10)	2,082
FCCLA	210	5,712	5,492	(192)	238
E.A.T. club	83	222	305	-	-
Elementary student activity	5,007	8,458	9,343	(203)	3,919
National Honor Society	517	659	891	-	285

See accompanying Independent Auditor's Report.

WILTON COMMUNITY SCHOOL DISTRICT
Schedule of Changes in Special Revenue Fund, Student Activity Accounts
For the Year Ended June 30, 2010

Schedule 7

Account	Balance, Beginning of Year	Revenues	Expenditures	Intrafund Transfers	Balance, End of Year
JR/SR activity	\$ 201	\$ 4,989	\$ 4,771	\$ -	\$ 419
Cheerleaders - junior high	362	-	362	-	-
Student advisory - junior high	1,013	5,299	4,811	-	1,501
Student council - high school	683	3,513	3,299	-	897
Senior class	184	-	184	-	-
Junior class	1,640	2,479	2,844	-	1,275
Sophomore class	621	-	448	-	173
Freshmen class	338	-	338	-	-
Prom committee	-	1,000	361	-	639
Eighth grade class	3,195	2,467	1,920	-	3,742
Seventh grade class	-	160	-	-	160
Media - elementary	1,076	515	696	-	895
Media - jr. and sr. high	1,478	521	943	-	1,056
6th Gr Beaver Store	241	238	-	-	479
Enterprise systems	1	-	-	-	1
Applied Econ 1	1	-	-	-	1
Applied Econ 2	15	607	622	-	-
Fall canteen	-	12,706	8,547	(4,159)	-
Winter canteen	-	10,596	7,394	(3,202)	-
Spring canteen	-	4,479	3,249	(1,230)	-
Summer canteen	1,446	22,623	16,240	(6,191)	1,638
Concession Bldg Project	9,304	-	9,304	-	-
S.O.D.A.	324	-	-	-	324
Totals	<u>\$ 74,394</u>	<u>\$ 305,837</u>	<u>\$ 316,028</u>	<u>\$ -</u>	<u>\$ 64,203</u>

See accompanying Independent Auditor's Report.

WILTON COMMUNITY SCHOOL DISTRICT
Schedule of Revenues by Source and Expenditures by Function
All Governmental Funds
For the Last Seven Years

Schedule 8

	Modified Accrual Basis						
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Revenues							
Local sources							
Local tax	\$ 3,709,720	\$3,707,794	\$3,598,922	\$3,417,117	\$3,335,158	\$3,322,477	\$3,019,853
Tuition	379,083	402,242	383,098	477,812	450,800	493,872	424,635
Other	468,265	433,419	549,223	482,115	467,242	446,842	318,516
Intermediate sources	-	-	-	-	500	3,060	-
State sources	3,718,185	4,577,782	4,376,521	4,134,876	3,901,605	3,901,564	3,498,132
Federal sources	657,108	221,715	150,894	164,436	139,652	159,079	134,745
Total revenues	<u>\$ 8,932,361</u>	<u>\$9,342,952</u>	<u>\$9,058,658</u>	<u>\$8,676,356</u>	<u>\$8,294,957</u>	<u>\$8,326,894</u>	<u>\$7,395,881</u>
Expenditures							
Current							
Instruction							
Regular	\$ 3,557,978	\$3,494,816	\$3,181,829	\$3,091,111	\$3,060,762	\$3,096,370	\$3,389,717
Special	991,773	1,053,432	897,720	943,653	966,671	921,668	1,091,956
Other	1,064,915	999,252	983,326	921,757	926,696	1,042,339	629,615
Support services							
Student	352,485	351,388	352,716	321,797	272,911	263,003	302,904
Instructional staff	197,512	190,332	201,046	188,721	201,257	156,403	141,931
Administration	931,409	914,904	856,757	860,445	810,396	769,867	655,070
Operation and maintenance of plant	716,168	745,253	794,546	699,579	639,298	507,485	489,795
Transportation	306,009	407,175	364,125	321,782	314,899	286,540	221,345
Non-instructional programs	12,532	12,085	11,216	9,499	2,429	51,944	40,301
Other expenditures							
Facilities acquisition	172,571	975,132	243,039	198,172	41,122	2,074,304	1,152,032
Long-term debt							
Principal	1,330,000	375,000	525,000	510,000	460,000	215,000	195,000
Interest and other charges	59,834	34,489	39,746	51,546	60,965	69,432	62,809
AEA flowthrough	334,015	313,332	292,563	281,206	262,759	259,147	248,092
Total expenditures	<u>\$10,027,201</u>	<u>\$9,866,590</u>	<u>\$8,743,629</u>	<u>\$8,399,268</u>	<u>\$8,020,165</u>	<u>\$9,713,502</u>	<u>\$8,620,567</u>

See accompanying Independent Auditor's Report.

WILTON COMMUNITY SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Schedule 9

Grantor/Program	CFDA Number	Grant Number	Expenditures	
Indirect				
U.S. Department of Agriculture				
Iowa Department of Education				
School Nutrition Cluster Programs				
School Breakfast Program	10.553	FY10	\$ 10,181	
National School Lunch Program	10.555	FY10	140,034	*
Summer Food Service Program for Children	10.56	FY10	394	
Total Department of Agriculture			<u>150,609</u>	
U.S. Department of Education				
Iowa Department of Education				
Title I, Part A Cluster				
Title I Grants to Local Educational Agencies	84.010	FY10	60,222	
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.39	FY10	<u>15,765</u>	
			75,987	
Safe and Drug-free Schools and Communities-State Grants	84.19	FY10	2,024	
Improving Teacher Quality State Grants	84.37	FY10	26,533	
Grants for State Assessments and Related Activities	84.37	FY10	5,571	
ARRA - State Fiscal Stabilization Fund (SFSF) -				
Education State Grants, Recovery Act	84.39	FY10	<u>377,484</u>	
Total Iowa Department of Education			<u>487,599</u>	
Grant Wood Area Education Agency				
Special Education-Grants to States	84.03	FY10	44,718	**
Career and Technical Education -Basic Grants to States	84.05	FY10	300	
ARRA - Special Education Grants to States, Recovery Act	84.39	FY10	<u>60,639</u>	**
Total Area Education Agency			<u>105,657</u>	
Total Department of Education			<u>593,256</u>	
Total federal awards			<u>\$ 743,865</u>	

* Include \$25,988 of non-cash awards

** Total for Special Education Cluster (IDEA) is \$105,357

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Wilton Community School District and is presented on the accrual or modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying Independent Auditor's Report.

KAY L. CHAPMAN, CPA PC

119 West Mississippi Drive Suite 3

Muscatine, Iowa 52761

563-264-1385

Independent Auditor's Report on Internal Control
over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance
with Government Auditing Standards

To the Board of Education
Wilton Community School District

I have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Wilton Community School District as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued my report thereon dated February 14, 2011. I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Wilton Community School District's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing my opinion on the effectiveness of Wilton Community School District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of Wilton Community School District's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, I identified a certain deficiency in internal control over financial reporting I consider to be a material weakness.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. I consider the deficiency in internal

control described in Part II of the accompanying Schedule of Findings as item II-A-10 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Wilton Community School District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, I noted certain immaterial instances of non-compliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2010 are based exclusively on knowledge obtained from procedures performed during my audit of the financial statements of the District. Since my audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Wilton Community School District's responses to findings identified in my audit are described in the accompanying Schedule of Findings and Questioned Costs. While I have expressed my conclusions on the District's responses, I did not audit Wilton Community School District's responses and, accordingly, I express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Wilton Community School District and other parties to whom Wilton Community School District may report, including federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

I would like to acknowledge the many courtesies and assistance extended to me by the personnel of the Wilton Community School District during the course of my audit. Should you have any questions concerning any of the above matters, I shall be pleased to discuss them with you at your convenience.

A handwritten signature in black ink that reads "Kay L. Chapman, CPA PC". The signature is written in a cursive, flowing style.

Kay L. Chapman, CPA PC
February 14, 2011

KAY L. CHAPMAN, CPA PC

119 West Mississippi Drive, Suite 3

Muscatine, Iowa 52761

563-264-1385

Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

To the Board of Education
Wilton Community School District

Compliance

I have audited the compliance of Wilton Community School District with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2010. Wilton Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Wilton Community School District's management. My responsibility is to express an opinion on Wilton Community School District's compliance based on my audit.

I conducted my audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Wilton Community School District's compliance with those requirements and performing such other procedures as I consider necessary in the circumstances. I believe my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on Wilton Community School District's compliance with those requirements.

In my opinion, Wilton Community School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

The management of Wilton Community School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and


performing my audit, I considered Wilton Community School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Wilton Community School District's internal control over compliance.

My consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as discussed below, I identified a deficiency in internal control over compliance I consider to be a material weakness.

A deficiency in the District's internal control over compliance exists when the design or operation of the control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. I consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items III-A-10 to be a material weakness.

Wilton Community School District's responses to findings identified in my audit are described in the accompanying Schedule of Findings and Questioned Costs. While I have expressed my conclusions on the District's responses, I did not audit Wilton Community School District's responses and, accordingly, I express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Wilton Community School District and other parties to whom Wilton Community School District may report, including federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Kay L. Chapman, CPA PC". The signature is written in a cursive, flowing style.

Kay L. Chapman, CPA PC
February 14, 2011

WILTON COMMUNITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010

Part I. Summary of the Independent Auditor's Results

1. Unqualified opinions were issued on the financial statements.
2. A material weakness in internal control over financial reporting were disclosed by the audit of the financial statements.
3. The audit did not disclose any non-compliance which is material to the financial statements.
4. A material weakness in internal control over the major programs was disclosed by the audit of the financial statements.
5. An unqualified opinion was issued on compliance with requirements applicable to each major program.
6. The audit disclosed no audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
7. Major programs were as follows:
 - CFDA Number 84.394 ARRA – State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act
 - Clustered programs:
 - CFDA Number 10.553 School Breakfast Program
 - CFDA Number 10.555 National School Lunch Program
8. The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
9. Wilton Community School District did not qualify as a low-risk auditee.

WILTON COMMUNITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010

Part II. Findings Related to the Financial Statements

INTERNAL CONTROL DEFICIENCY

II-A-10 Segregation of Duties - The limited number of accounting personnel makes it difficult to achieve adequate internal accounting control through the segregation of duties and responsibilities. I noted that for some funds, the same individual performed the following duties: recording and processing cash receipts, preparing checks and bank reconciliations, preparation of journals and general financial information for ledger posting, and the analysis of financial information. A small staff makes it difficult to establish an ideal system of automatic internal checks on accounting record accuracy and reliability, although I noted the District had taken steps to segregate duties between the present personnel. This is not an unusual condition but it is important the District officials are aware that the condition exists.

Recommendation - I realize that with a limited number of office employees, segregation of duties is difficult. However, the District should review the operating procedures of the District to obtain the maximum internal control possible under the circumstances.

Response - We will review our procedures and implement changes to improve internal control, as we deem necessary.

Conclusion - Response accepted.

INSTANCES OF NON-COMPLIANCE

No matters were noted.

WILTON COMMUNITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010

Part III. Findings and Questioned Costs for Federal Awards

INSTANCES OF NON-COMPLIANCE

No matters were noted.

INTERNAL CONTROL DEFICIENCY

CFDA Number 10.553 School Breakfast Program
CFDA Number 10.555 National School Lunch Program
Federal Award Year: 2010
U.S. Department of Agriculture
Passed through the Iowa Department of Education

CFDA Number 84.394 ARRA – State Fiscal Stabilization Fund (SFSF) – Education State
Grants, Recovery Act
Federal Award Year: 2010
U.S. Department of Education
Passed through the Iowa Department of Education

III-A-10 Segregation of Duties - The limited number of accounting personnel makes it difficult to achieve adequate internal accounting control through the segregation of duties and responsibilities. I noted that for some funds, the same individual performed the following duties: recording and processing cash receipts, preparing checks and bank reconciliations, preparation of journals and general financial information for ledger posting, and the analysis of financial information. A small staff makes it difficult to establish an ideal system of automatic internal checks on accounting record accuracy and reliability, although I noted the District had taken steps to segregate duties between the present personnel. This is not an unusual condition but it is important the District officials are aware that the condition exists.

Recommendation - I realize that with a limited number of office employees, segregation of duties is difficult. However, the District should review the operating procedures of the District to obtain the maximum internal control possible under the circumstances.

Response - We will review our procedures and implement changes to improve internal control, as we deem necessary.

Conclusion - Response accepted.

WILTON COMMUNITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010

Part IV. Other Findings Related to Required Statutory Reporting:

1. Certified Budget - Expenditures for the year ended June 30, 2010 did not exceed the amounts budgeted.
2. Questionable Expenditures - No expenditures I believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979, were noted.
3. Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
4. Business Transactions - Business transactions between the District and District officials are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Jeff Belknap, board member part owner of Belknap's Custom Flooring	repairs	\$5,417
Linda Duncan, board member Part owner of LNT Special Tees, Inc.	Supplies	\$9,936

The transactions with the board members' businesses appear to represent a potential conflict of interest since the totals paid to each business totaled more than \$2,500 (as allowed by Chapter 279.7A of the Code of Iowa) during the fiscal year.

Recommendation - The District should consult legal counsel to determine the disposition of this matter.

Response - We will review the situation.

Conclusion - Response accepted.

5. Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
6. Board Minutes - I noted no transactions requiring Board approval, which had not been approved by the Board. However, it was noted that the District did not publish all bills as required by Chapter 279.36 of the Code of Iowa.

WILTON COMMUNITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010

Recommendation - The District should ensure that all bills, including Student Activity, School Nutrition, Enterprise and Trust Fund bills, are published on a monthly basis in compliance with the Code of Iowa.

Response - We will review our policy regarding publication of the bills for the funds that do not contain tax dollars.

Conclusion - Response accepted.

7. Certified Enrollment - No variances in the basic enrollment data certified to the Iowa Department of Education were noted.
8. Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
9. Deposits and Investments - No instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.
10. Certified Annual Reports - The Certified Annual Report was certified timely to the Department of Education.
11. Categorical Funding - No instances were noted of categorical funding being used to supplant rather than supplement other funds.
12. Statewide Sales, Services and Use Tax - No instances of noncompliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. For the year ended June 30, 2010, the District's financial activity and other required information for the statewide sales, services and use tax revenue are as follows:

WILTON COMMUNITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010

Beginning balance		\$ 722,437
Revenues		
Statewide sales, services and use tax revenue	\$ 512,196	
Interest earned	2,793	
Proceeds from issuance of bonds	<u>525,000</u>	1,039,989
Expenditures/transfers out		
School infrastructure		
Buildings	\$ (153,857)	
Equipment	(45,596)	
Other improvements	(825)	
Debt service for school infrastructure		
Revenue debt	<u>(1,378,450)</u>	<u>(1,578,728)</u>
Ending balance		<u>\$ 183,698</u>

The statewide sales, services and use tax revenue received during the year ended June 30, 2010 is equivalent to a reduction in the following levies:

	Per \$1,000 of Taxable Valuation	Property Tax Dollars
Debt service levy	\$ 1.76077	\$ 344,455
Physical plant and equipment levy	0.85745	<u>167,741</u>
		<u>\$ 512,196</u>

13. Deficit Balance - The District had an unrestricted fund deficit in the Enterprise, FFA Farm Fund of \$4,095 at June 30, 2010.

Recommendation - The District should continue to monitor this account and investigate alternatives to eliminate this deficit in order to return this fund to a sound financial condition.

Response - We will investigate alternatives and implement as we deem necessary to eliminate this deficit.

Conclusion - Response accepted.

WILTON COMMUNITY SCHOOL DISTRICT

Audit Staff

June 30, 2010

This audit was performed by

Kay Chapman, CPA

Tammy Calvert, staff accountant

WILTON COMMUNITY SCHOOL DISTRICT
Corrective Action Plan for Federal Audit Findings
For the Year Ended June 30, 2010

<u>Comment Number</u>	<u>Comment Title</u>	<u>Corrective Action Plan</u>	<u>Contact Person, Title, Phone Number</u>	<u>Anticipated Date of Completion</u>
III-A-10	Segregation of Duties	District will investigate and implement alternative procedures to increase segregation of duties.	Staci Owens- Kirkman Buisness Manager (563) 732-2035	6/30/2011

WILTON COMMUNITY SCHOOL DISTRICT

Summary Schedule of Prior Federal Audit Findings
For the Year Ended June 30, 2010

The district was not required to have a Single Audit in compliance with OMB Circular A-133 for the prior year (year ended June 30, 2009) therefore, there were no prior audit findings to report.